

WILLIAM R. BABER  
ATTORNEY AT LAW

March 31, 2000

Sent via U.S. Mail & Fax to 202-219-3923

Jennifer H. Boyt  
Federal Election Commission  
999 E. Street, N.W.  
Washington, D.C. 20463

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RECEIVED  
FEDERAL ELECTION  
COMMISSION  
OFFICE OF GENERAL  
COUNSEL

In Re: MUR 4971

Dear Ms. Boyt:

I have reviewed Dale Neugebauer's letter of February 7, 2000, and his allegations that the Bill Morrow for Congress Committee ("the Committee") failed to disclose certain alleged "debts" in the reporting period ending December 31, 1999. These allegations are neither grounded in law nor fact. Apparently, Mr. Neugebauer has reviewed the matter and reconsidered his actions. I have attached a copy of his March 30, 2000, letter withdrawing his complaint. For the record, the Committee offers the following response for your consideration.

Most of these matters involved payments due after December 31, 1999, for "rent, salary or other regularly reoccurring administrative expenses". Some involved obligations of less than \$500 and not more than 60 days old. Therefore, these matters were not required to be disclosed as a "debt" in the Committee's Year End Report pursuant to 11 CFR 104.11(b).

**I. Staff Payments**

Russo Marsh & Copsey ("RMC") served as consultants to the Committee pursuant to a written contract<sup>1</sup>. Mr. Marsh is a principle of RMC and Dave Wolfson is an employee. This contract called for the Committee to pay RMC four payments. The first payment was due on January 15, 2000. A request for payment was made on or about that date. The Committee interpreted these payments as "salary or other regularly reoccurring administrative expenses" not yet due on December 31, 1999. Therefore the Committee did not disclose this as a reportable "debt" pursuant to 11 CFR 104.11(b). This first payment was disclosed on the Committee's Pre-Election Report at page 6 of 8 for Line 17.

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<sup>1</sup> To protect the reasonable confidentiality of this contract, and the other contracts mentioned in this response, we have not attached copies. However, if the Commission wishes to review the originals of such contracts, we will make them available for inspection upon request.

**Keelen Communications** ("Keelen") served on the Committee's fund-raising team. This contract called for the Committee to pay Keelen a certain fee based upon fund-raising performance. The Committee's payments were due upon receipt of invoice. The first invoice was received on or about January 10, 2000 (for the period of November and December 1999). The Committee interpreted this payment as "salary or other regularly reoccurring administrative expenses" not yet due on December 31, 1999. Therefore the Committee did not disclose this as a reportable "debt" pursuant to 11 CFR 104.11(b). This first payment was disclosed on the Committee's Pre-Election Report at page 4 of 8 for Line 17.

**Heather Cope** ("Cope") also served on the Committee's fund-raising team. This contract was executed on December 31, 1999. It called for a "flat monthly salary to be paid on the 15<sup>th</sup> of each month". The first payment was due on January 15, 2000 (for the month of December 1999). The Committee received a request for payment on or about this date. The Committee interpreted this payment as "salary or other regularly reoccurring administrative expenses" not yet due on December 31, 1999. Therefore the Committee did not disclose this as a reportable "debt" pursuant to 11 CFR 104.11(b). This first payment was disclosed on the Committee's Pre-Election Report at page 3 of 8 for Line 17.

**Matt Zandi** ("Zandi") served as the Orange County Campaign Director for the Committee pursuant to a written contract. This written contract memorialized a prior written understanding between Zandi and the Committee. Zandi's work for the Committee began on or about December 5, 1999. This contract called for the Committee to pay Zandi \$2,200.00 per month on the first day of each calendar month. The first such payment became due on January 1, 2000. The Committee received a request for payment on or about this date. The Committee interpreted these payments as "salary or other regularly reoccurring administrative expenses" not yet due on December 31, 1999. Therefore the Committee did not disclose this as a reportable "debt" pursuant to 11 CFR 104.11(b). This first payment was disclosed on the Committee's Pre-Election Report at page 7 of 8 for Line 17.

**Keith Battle** ("Battle") served as the Campaign Manager for the Committee pursuant to a written contract. Battle's work for the Committee began the last week of November of 1999. This contract called for the Committee to pay a set fee on a monthly basis. The Committee interpreted these payments as "salary or other regularly reoccurring administrative expenses" (11 CFR 104.11(b)). Although the contract called for the first payment to be made December 1, 1999, Battle did not submit a request for payment until January 3, 1999. The Committee interpreted this later date as the "date due" and therefore did not disclose it as a reportable "debt" in the Year End Report. This first payment was reported on the pre-Election Report on page 1 of 8 for Line 17. If the Commission interprets the earlier date as the appropriate due date, the Committee will amend its report accordingly.

## II. Other Payments

**Travel Expenses** - Mr. Morrow made a trip to Washington DC in the first week of December of 1999 to meet potential contributors. Mr. Morrow "paid" for this flight with his frequent flyer miles; not cash. The value was less than \$1,000.00. He has not sought reimbursement for this expense. Therefore, pursuant to 11 CFR 100.7(b)(8), this is not a "contribution" and it was not required to be disclosed. (See also the *FEC Candidate Campaign Guide* at page 9). Mr. Morrow paid for his lodging with a credit card but decided not to seek reimbursement. The proof of this expense was submitted to the Committee after January 1, 2000. It was thereafter reported as an in-kind contribution in the Pre-Election report at page 1 of 1 for Line 11d.


**Fund-Raising Expenses** - During this period, the Committee raised all of its funds through personal meetings or phone calls. The payment to the phone company was recorded on the Year End Report at page 1 of 1 for Line 17. There were no "fund raising events" per se, and therefore no such expenditures were reported.

**Rent & Utilities** - The Committee operated one campaign office in San Juan Capistrano ("SJC") and one in Vista, California. The rent for the SJC office was \$800 per month including utilities. The December payment for the SJC office was recorded in the Year End Report at page 1 of 1 for Line 17. The rent for the Vista office also included utilities. The December rent for the Vista office was \$350.00. This rent was initially paid to the Lessor by the Committee's Treasurer, William Marvin. Around that same time, Mr. Marvin also paid a security deposit for the committee of \$300. After January 1, 2000, Mr. Marvin submitted these two office related expenses for reimbursement. These reimbursement payments were disclosed in the Committee's Pre-Election Report at page 5 of 8 for Line 17. Each of these reimbursements owed to Mr. Marvin was less than \$500 and not more than 60 days old. Therefore, neither item was disclosed as a "debt" in the Committee's Year End Report pursuant to 11 CFR 104.11(b).

## III. Conclusion

As described above, the Committee made its best efforts to follow both the letter and the spirit of the FECA. This effort was recognized by the complaining party who, after reviewing the Committee's Pre-Election Report, withdrew his complaint. Therefore, we ask that the Commission find no reason to believe that the complaint sets forth a possible violation of FECA and close the file. Thank you.

Sincerely,



William Baber  
Attorney for Bill Morrow for Congress Committee